

# DOLLAR SENSE

**BUILDING YOUR CHURCH'S FINANCIAL FUTURE ONE BRICK AT A TIME!**

**Vol. II: Issue 11 A Service of the Desert Southwest United Methodist Foundation December 2004**



**THANK  
YOU!**

This Newsletter's purpose is to provide clergy and lay leaders of the Desert Southwest Annual Conference with reliable and consistent financial information that we believe you need to help secure your church's financial future.

In every issue of **DOLLAR SENSE**, information under the following headings is provided:

**ENDOWMENT  
FUNDING**

**ESTATE  
PLANNING**

**CHARITABLE  
GIVING**

**INVESTING**



**Desert Southwest  
United Methodist  
FOUNDATION  
DSUMF  
602-266-6956**

On behalf of the Board of Directors, Lucille Sterling and I thank you for the support you've shown towards the DSUMF throughout the year. Each month we receive very positive responses from many who receive this electronic newsletter. All of us connected to DSUMF wish you and all of yours a very Merry Christmas and a healthy, prosperous New Year!



**ENDOWMENT  
FUNDING**

For the past year, we've carefully outlined the endowment funding process from "A" to "Z." We've discussed everything from starting with an Ad Hoc Committee to create a Permanent Endowment Fund through a charge conference, complete with a draft of a charter. We've discussed Gift Acceptance Policies, promoting endowment gifts as well as educating members through seminars, direct mail pieces, and news items. Last month we discussed the importance of recognizing those who make gifts to your endowment program.

This month, we wrap it all up for you in the form of a model.

In another publication produced by the DSUMF called our Permanent Endowment Fund Handbook, we actually discuss two different models. The models offer suggestions for promoting estate planning, planned giving, and endowment funding in the local congregation. Model One is the "premier model," and it is the most comprehensive. Those churches that find Model One's three-year plan too comprehensive for the early stages of their endowment fund programming might consider Model Two.

Model Two is presented below; It is a two-year plan for endowment fund programming.

## **YEAR ONE:**

### **February:**

1. Make a presentation at an Administrative Council meeting to church leaders on giving through endowments, memorials, and other planned giving vehicles.
2. Distribute a flyer on planned giving opportunities.

### **May:**

1. Send a mailing to the entire congregation about giving options through the church's Endowment Fund Program.
2. Enclose a copy of a Permanent Endowment Fund Program brochure.

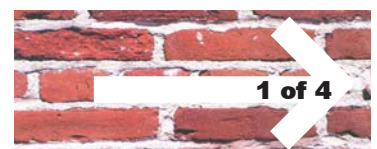
**September:** Make a brief presentation at the Administrative Council meeting and conduct a brief, anonymous, written survey. Report back to them on the results of the survey.

### **Sample Survey:**

1. Do you have a will?
2. Have you included your church in your will?
3. Would you consider adding your church in your will?
4. Would you like more information about ways to include your church in your will? (If "yes," please give your name.)

### **November:**

1. Send a mailing about the advantages of giving at year-end.
2. Use one-liners in bulletins and newsletters at least 4 times during the year.



## ENDOWMENT FUNDING

Continued

3. Target Group Presentations (i.e. UMW, UMM, Senior Adults) as often as possible.

### YEAR TWO:

#### **January:**

Place an article in the newsletter (or insert in worship bulletin) about the importance of having a will.

#### **March:**

Estate and Gift Planning Workshop (basics of estate planning and charitable gift planning).

#### **April - September:**

1. Place a short statement or article about the church's Endowment Fund Program in the church newsletter at least once each month.

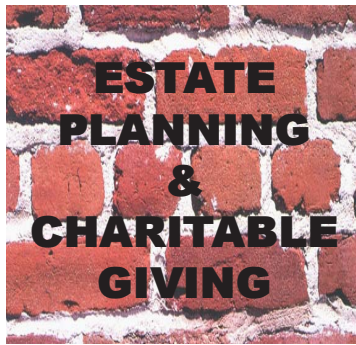
2. Use one-liners in every Sunday bulletin and every newsletter.

#### **October:**

Send a letter and brochure to the congregation about giving through wills.

#### **November:**

All Saints Day remembrance and recognition service of those who have made gifts to the Endowment Fund.



### **MARY GAVE A GIFT THAT KEEPS ON GIVING**

More than 20 years ago, Mary, a school teacher at the time, inherited a gift of 125 shares of company stock that was worth \$453.75. The gift was facilitated through the last Will and Testament of a favorite aunt. To many, \$453.75 was a lot of money 20 years ago. For many, it is a lot of money by today's standards.

Mary did not know exactly what to do with those shares of company stock, so she decided to do nothing until she came across a good idea. Over the years, while holding the stock, she received dividend checks from the company amounting to about 1.5% per year. In 1984, when Mary inherited the stock, 1.5% return on \$453.75 was \$6.80.

Mary continued to use the dividends to supplement her income throughout the years, and during this time the stock has grown. The stock has actually increased and split on a 2 for 1 basis four times in the last 20 years. The

stock is now worth about \$110,000 and her annual dividend checks total \$1,650.

Mary has never forgotten the fact that the shares of this company stock were a gift to her from a special person in her life. At different times during the last 20 years, Mary briefly thought about selling the shares of stock and using the money for herself.

Those thoughts were brief, however, never serious, and when she had those thoughts capital gains taxes were 20%, (now 15%) and she just couldn't bring herself to pay more in taxes than the amount of the original gift (20% times \$110,000 = \$22,000) in the first place!

Mary finally heard a good idea as to how she could use those shares of stock in a manner that would make her aunt proud when she attended a charitable giving presentation hosted by her church. The idea was presented by the DSUMF and it involved a Charitable Gift Annuity (GCA).

Mary learned that using appreciated stock is one of the best ways to fund a CGA. The first benefit to Mary was that she was able to create a permanent endowment fund account, which would be funded with the proceeds left in her gift

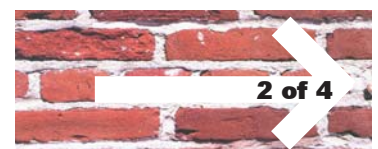
annuity account after her death. It is estimated that the endowment fund will begin with a balance of \$140,000. Mary, who is now a retired school teacher, decided to name the Endowment Fund after her aunt, and the earnings from the \$140,000 would be used to provide scholarships for the college-bound children of her United Methodist Church.

By making this irrevocable gift, Mary reduced the value of her estate. By so doing, she reduced the amount of estate taxes that would be owed after her death. Mary qualified for a \$52,809 income deduction and will pay capital gain tax, at the new 15% rate, on only half of the gain during the rest of her life.

The best news is that Mary will receive a guaranteed, annual annuity payment totaling \$8,800 every year for the rest of her life.

With her increased annual income, (from \$6.80 to \$8,800), Mary intends on making a larger annual gift to her church and she will still have funds left over for herself. Mary was a good steward of her aunt's gift to her. Mary's stewardship will benefit her church

**SCHEDULE YOUR ESTATE PLANNING SEMINAR NOW!**



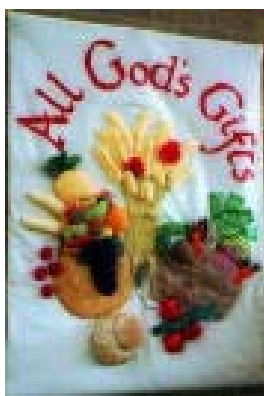
## ESTATE PLANNING & CHARITABLE GIVING CONTINUED

now and benefit many, many children from her church who intend on going to college in the future.



Mary received a gift from a thoughtful aunt who created an estate plan. Mary was a good steward of that gift. Mary gave a gift that will keep on giving.

In this season of giving, will you consider doing the same? For more information, contact Dr. Rick Brown, Executive Director, DSUMF at 602-266-6956 Ext. 203. You can send an e-mail to Dr. Brown at the following address: rick@dsumf.org.



## INVESTING

As of this writing, the DSUMF has received a bit more than \$1 million of new deposits in 2004 and there is a slight chance that we may receive another \$1 million before the end of the year! As you may be aware, the DSUMF exercises no ownership or distribution control over these funds. We just actively manage the funds in a fully invested, low risk portfolio that is screened for the Social Principles of the UMC. Does your church comply with this requirement?

The portfolio's Asset Allocation is 60% equity, 35% bond and 5% managed futures. Within the equity portion of the portfolio, 7 different professional asset management companies invest in large-cap growth and value, mid-cap growth and value, small-cap core, as well as international growth stocks. In the bond portion of the portfolio, 2 different asset managers invest in AAA government bonds and corporate bonds too. Each of our 10 asset managers invests a "slice of our portfolio pie" in a very controlled, balanced, and diversified manner.

If you or someone you know is involved in investing your church's

long-term funds, then you or they should know:

1. There are three acts of congress that identify 27 investment practices required, by law, of non-profit organizations that invest funds. We, here at DSUMF, are in compliance with all 27 practices. Some of these practices involve professional asset management, asset allocation models and risk level assessment. Is your church aware of the 27 Practices? Does your church comply with all 27 of them? If your church is not aware of these Practices, or is aware and chooses not to comply with the Practices, then it is in violation of both federal and state law and those "in charge" are therefore subject to law suits involving financial liability for anything that goes wrong with your church's portfolio.

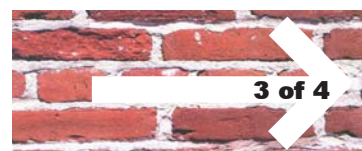
2. The United Methodist Church requires all of its churches, boards, and agencies to invest according to the Social Principles of the United Methodist Church.

If your church is looking for a solid investment strategy that is in compliance with all federal and state laws as well as in compliance with the Social Principles of the UMC, then give us a call. We will present all the details of our investment

service to you with the hope of adding your church to our growing list of more than four dozen Annual Conference church, agency, and board depositors.

VISIT US AT  
OUR NEW  
WEB SITE:  
[dsumf.org](http://dsumf.org).

CLICK  
A  
BRICK  
FOR  
INFO  
ON  
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LISTED.



## SIDE NOTE

Through a sub-contracted agent, the DSUMF accepts donated vehicles of all types including cars, vans, golf carts, boats, and we even accepted a riding lawnmower! The member who wishes to donate a vehicle is to call 602-252-1360. The call is answered by our agent, who will arrange a time and place convenient to the donor for the actual pick-up of the vehicle. The vehicle's title is signed over to the DSUMF at the time of pick-up and the vehicle is transported to the agent's facility in Phoenix.

Proceeds from the sales of vehicles or salvage of vehicles, less the costs of transportation, transfer of title, and minor repairs are forwarded to DSUMF. When the donor identifies their church or favorite United Methodist ministry to receive some of the net proceeds at the time of donation, the DSUMF actually distributes 60% of the net proceeds and retains 40% to support its own operational expenses.

The DSUMF follows up with the donor by providing an official "donation letter," which provides proper documentation in the event the donor chooses to claim an income tax

deduction for their donation. The DSUMF also provides a receipt detailing the vehicles identification number, sales date, proceeds, and fees assessed by the agent.

The reasons for recapping this program in this issue of DOLLAR SENSE are twofold:

1. We are finishing our first year of operation with this program. During this past year of operating the Vehicle Donation Program, members have donated more than 50 vehicles in various stages of repair. Our agent sold or salvaged these vehicles and generated almost \$22,000 net proceeds. Of the \$22,000, almost \$5,000 was distributed to churches, agencies and a couple of our camps too.

2. Congress has passed a new tax law regarding this type of program. Until December 31, 2004, donors may claim "Private Party Blue Book Value" as an income tax deduction for their donation. However, on January 1, 2005 donors may only claim the amount the vehicle sells for at auction. Now you and I have attended an auction or two. The underlying theme at an auction is to BUY CHEAP! So, if you have that old vehicle that you're not sure what to do with, then call 602-252-1360 and donate it now!

Take advantage of the current tax law before it changes on January 1, 2005!

We're proud of this program and encourage you to use it in your church. To advertise this program we have bookmarks. We'll send them to you for your distribution in your Sunday Bulletin. December is the best month for this program, so don't delay; call now for your Vehicle Donation Program Bookmarks! Your church WINS, your donor WINS and the DSUMF WINS too! This is truly a WIN, WIN, WIN program! Don't pass it up!

**Merry  
Christmas  
and a  
Happy  
New Year  
to All of  
You and  
All of  
Yours!**



**Support  
Your Favorite  
United Methodist  
Ministry.**

**DONATE  
YOUR USED  
VEHICLE!**

**CALL:  
602 - 252 - 1360**

**Free Pick Up!**

**Tax  
Deductible!**

**Any Vehicle,  
Any Condition,  
Running or Not!**

**All IRS and Title  
Documents!**

**Support Your Church!**

**This program is raising  
serious income for its  
participants!**

